

Message Text

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TO USMISSION OECD PARIS IMMEDIATE

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E.O. 11652:N/A

TAGS: EFIN, IMF, IBRD

SUBJECT: MINISTERIAL COMMITTEE ON TRANSFER OF REAL RESOURCES

REFS: (A) STATE 155405; (B) STATE 195053.

1. POSTS REQUESTED DELIVER, UNDER APPROPRIATE NOTE, COPY OF FOLLOWING LETTER DATED SEPTEMBER 3 FROM SECRETARY OF TREASURY SIMON TO HEADS OF C-20 CONSTITUENCIES REGARDING ESTABLISHMENT OF MINISTERIAL COMMITTEE ON TRANSFER OF REAL RESOURCES. TEXT SHOULD HAVE SALUTATION BLANK AND NOTE SHOULD INDICATE TEXT BEING PROVIDED FOR INFORMATION.

2. POSTS SHOULD PROVIDE TO FOLLOWING OFFICIALS:

(A) USUN - SECRETARY GENERAL WALDHEIM, UN;

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(B) USOECD - SECRETARY GENERAL VAN LENNEP, OECD; CHAIRMAN WILLIAMS, DAC;

(C) USMISSION GENEVA - DIRECTOR GENERAL LONG, GATT; SECRE-

TARY GENERAL COREA, UNCTAD.

3. FOR POSTS' INFORMATION, COPIES SIMILARLY BEING MADE AVAILABLE TO HEADS IMF, IBRD, IDB, ADB AND AFDB.

4. QUOTE. SEPTEMBER 3, 1974. MY LETTER TO YOU OF JULY 17, 1974, IN YOUR CAPACITY AS HEAD OF ONE OF THE C-20 CONSTITUENCIES, WAS INTENDED TO HELP MOVE US TOWARD A CONSENSUS ON THE NATURE AND FORMAT OF A MINISTERIAL COMMITTEE WHERE GOVERNMENTS CAN DEAL WITH THE BROAD PROBLEMS OF DEVELOPMENT. RESPONSES TO THIS LETTER AND DISCUSSIONS HELD RECENTLY IN WASHINGTON, I AM HAPPY TO SAY, INDICATE THAT THERE IS GENERAL AGREEMENT ON MANY ASPECTS OF ESTABLISHMENT OF THE COMMITTEE. A PARTICULARLY FRUITFUL INFORMAL MEETING WAS HELD IN WASHINGTON ON AUGUST 13. REPRESENTATIVES OF ALL THE CONSTITUENCIES TOOK PART IN A WIDE-RANGING DISCUSSION ON THIS SUBJECT.

5. QUOTE. THE AREAS OF GENERAL AGREEMENT IN THE WASHINGTON DISCUSSION INCLUDED THE URGENCY OF ORGANIZING THE COMMITTEE AND BEGINNING ITS WORK; THE IMPORTANCE OF ITS BEING INDEPENDENT IN ITS OPERATIONS AND OF ITS HAVING A MANDATE OF BROAD SCOPE THAT VIEWS THE PROBLEMS OF DEVELOPMENT IN THE WIDEST TERMS; AND THE DESIRABILITY OF THE COMMITTEE SERVING AS A COORDINATING MECHANISM AND FORUM FOR ARRIVING AT A CONSENSUS OF GOVERNMENTAL VIEWS, ORIENTED TOWARD ACTIONS CONSISTENT WITH THAT CONSENSUS IN VARIOUS ARENAS.

6. QUOTE. I AM ADVISED THAT THE CLEAR WEIGHT OF OPINION IN THE WASHINGTON CONVERSATIONS WAS THAT IN PRACTICE THE COMMITTEE SHOULD BE OPERATIONALLY INDEPENDENT OF THE IMF AND IBRD, BUT THAT THIS INDEPENDENCE COULD BE ACHIEVED WITH A COMMITTEE ASSOCIATED WITH THE IMF/IBRD. MOREOVER, IT WAS FELT THAT THE SIMPLEST WAY TO MOVE FORWARD QUICKLY WAS ON THE BASIS OF SUCH ASSOCIATION. GIVEN THAT CONSENSUS, AS WELL AS THE OTHER BROAD AREAS OF AGREEMENT THAT HAVE BEEN REACHED REGARDING RATIONALE, STRUCTURE AND WORK PROGRAM, IT APPEARS TO ME THAT WE SHOULD NOW MOVE FORWARD WITH LIMITED OFFICIAL USE

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PARALLEL RESOLUTIONS IN THE IMF AND IBRD WHICH WOULD CREATE THE COMMITTEE AT THE FORTHCOMING ANNUAL MEETINGS.

7. QUOTE. IN THIS CONNECTION, THERE APPEARS TO BE UNANIMITY THAT INDEPENDENCE OF OPERATION OF THE COMMITTEE WILL REQUIRE A DISTINGUISHED AND WELL-QUALIFIED EXECUTIVE SECRETARY WITH FULL FREEDOM OF ACTION TO CARRY FORWARD THE WORK OF THE COMMITTEE AND WITH A SMALL (5-15 MAN) BUT EFFECTIVE PROFESSIONAL STAFF RESPONSIBLE EXCLUSIVELY TO HIM AND TO THE COMMITTEE. YOUR THOUGHTS ON WHO MIGHT SERVE IN

THIS IMPORTANT CAPACITY WOULD BE WELCOME.

8. QUOTE. THERE HAS ALSO BEEN A USEFUL CLARIFICATION OF THE NATURE OF THE ROLE FORESEEN FOR THE COMMITTEE. THERE NEED BE NO CONCERN THAT THE COMMITTEE WOULD ASSUME A MANDATORY, DECISION-MAKING ROLE THAT WOULD BIND INDIVIDUAL GOVERNMENTS TO ACTIONS, OR THAT IT WOULD FUNCTION AS A COURT OF APPEAL FROM PARTICULAR DECISIONS WITHIN EXISTING INTERNATIONAL BODIES. IT SHOULD, RATHER, BE A FORUM FOR ARRIVING AT A CONSENSUS ON DESIRABLE BROAD COURSE OF ACTION, WHICH CONSENSUS WOULD THEN FORM THE BASIS FOR POSITIONS TAKEN BY GOVERNMENTS IN THEIR BILATERAL ACTIVITIES AND IN VARIOUS INTERNATIONAL AGENCIES IN WHICH THEY PARTICIPATE.

9. QUOTE. IN ORDER TO PERMIT OURSELVES AN OPPORTUNITY TO CONSIDER IN THE LIGHT OF EXPERIENCE HOW WELL THIS CONCEPT IS FUNCTIONING, IT HAS BEEN SUGGESTED AND SEEMS REASONABLE TO HAVE THE RESOLUTIONS ESTABLISHING THE COMMITTEE PROVIDE FOR A REVIEW OF ITS WORK AFTER, SAY, TWO YEARS, AT WHICH TIME A DECISION COULD BE MADE ON THE COMMITTEE'S COURSE.

10. QUOTE. AS TO THE WORK PROGRAM FACING THE COMMITTEE AS SOON AS IT IS ESTABLISHED, I UNDERSTAND THAT ALL CONSTITUENCIES AGREE THAT THE IMMEDIATE QUESTION OF THE ECONOMIC SITUATION OF THE "MOST SERIOUSLY AFFECTED" DEVELOPING COUNTRIES IS A PRIORITY ISSUE. THERE ALSO SEEMS TO BE AGREEMENT, AS A PRACTICAL MATTER, TO FOCUS INITIALLY ON ONE PARTICULAR LONGER-TERM ISSUE. THE ACCESS OF DEVELOPING COUNTRIES TO INTERNATIONAL CAPITAL MARKETS, AND THE LINK BETWEEN THESE MARKETS AND LDC DEVELOPMENT NEEDS, APPEARS TO BE LIMITED OFFICIAL USE

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THE MOST SUITABLE ISSUE FOR IMMEDIATE ATTENTION, IN PART BECAUSE OF ITS RELEVANCE TO THE MSA PROBLEM ITSELF.

11. QUOTE. THE QUESTION OF THE ATTENDANCE OF HEADS OF VARIOUS INTERNATIONAL ORGANIZATIONS (BEYOND THE HEADS OF THE IMF AND IBRD THEMSELVES) AT COMMITTEE MEETINGS SEEMS CLEARLY TO BE ONE REQUIRING POLITICAL JUDGMENTS BETTER ARRIVED AT BY MINISTERS AT THEIR FIRST MEETING THAN BY EXECUTIVE DIRECTORS. IN THIS CONNECTION, I HAD A COPY OF MY JULY 17 LETTER MADE AVAILABLE TO THE HEADS OF SEVERAL MAJOR ORGANIZATIONS, AND I AM DOING LIKEWISE WITH THIS LETTER IN ORDER TO KEEP THEM INFORMED REGARDING THE COMMITTEE.

12. QUOTE. I UNDERSTAND THAT TIME HAS BEEN SET ASIDE FOR AN INITIAL MEETING OF THE MINISTERIAL COMMITTEE ON OCTOBER 2. IN ORDER TO HELP ENSURE THAT THE MINISTERIAL MEETING WILL BE A PRODUCTIVE ONE, IT WOULD BE USEFUL TO HAVE A PRE-

LIMINARY MEETING AT DEPUTIES LEVEL. SINCE THE COMMITTEE DOES NOT YET EXIST AND THEREFORE HAS NO DEPUTIES GROUP, I HAVE ASKED MY DEPUTY TO ARRANGE AN INFORMAL BREAKFAST MEETING OF REPRESENTATIVES OF THE VARIOUS CONSTITUENCIES ON SUNDAY, SEPTEMBER 29.

13. I AM LOOKING FORWARD TO WORKING WITH YOU ON THE PROSPECTIVE NEW COMMITTEE, WHERE I AM CERTAIN THE FINANCIAL PERSPECTIVE AND HABITS OF COOPERATION THAT TYPIFIED OUR C-20 CONTACTS WILL STAND US IN GOOD STEAD. SINCERELY YOURS, WILLIAM E. SIMON. END QUOTE. KISSINGER

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